

Agenda Date: October 27, 2004

Item Number: B1

Docket: TG-041688

Company: Rabanco, Ltd., G-12
d/b/a Eastside Disposal and Issaquah Division

Staff: Bob Colbo, Transportation Program Staff
Pam Smith, Consumer Affairs

Recommendation:

Allow the proposed rates of Rabanco, Ltd., G-12, in Docket TG-041688 to become effective November 1, 2004, as filed.

Discussion:

On September 16, 2004, the above-named company filed new Tariff No. 11 replacing existing Tariff No. 10 for Eastside Disposal, G-12 [Eastside] and Tariff No. 7 for Issaquah Division [Issaquah] (formerly G-41.) In general the new tariff will increase rates for Eastside customers and decrease rates for Issaquah customers, however there are two major exceptions: 1) all yardwaste rates will decrease (accompanied by reductions in frequency of service), and 2) recycle rates for Issaquah customers will increase. See the discussion of recycle issues below.

This proposed rate consolidation follows: 1) the merger last year of all Rabanco operating authorities into one permit, Certificate G-12; and 2) the physical merger of Eastside Disposal and Issaquah Division as well. Eastside's rates have been in effect since 1996, and Issaquah's since 2000. The submitted justification for the filing is premised on increased pay and fringe benefit costs, fuel, insurance, industrial insurance, and overhead expenses.

Eastside and Issaquah both serve in King County, pay King County disposal fees, and employ unionized employees with common wages and benefits. Eastside serves approximately 17,000 customers east of Lake Washington (excluding the city of Bellevue and other cities which are served under contract), and Issaquah serves approximately 10,000 customers southeast of Lake Washington (excluding the city of Issaquah and other cities which are served under contract.)

The Commission received approximately 75 letters and E-Mails opposed to the increases. Residential customers from both companies are complaining that the rate matrix comparisons in the customer notice were accurate, but the quoted overall 9.90 percentage increase in the text was less than the actual direct impact applicable. See Attachment page 3. Consumer Affairs Staff has determined that the notice meets the technical requirements of WAC 480-70-271.

Issaquah residential customers further state that their recycle rate will almost double, which will act as a deterrent to them keeping the service and to their continued recycling efforts. Actually, the King County Service Level Ordinance requires mandatory-pay recycling whether customers use the service or not. Also, two factors contribute to the large recycle increase, but the “double” comment is not accurate. See Attachment page 4. First, Issaquah customers currently receive weekly recycle service and will continue to do so, but at a now more cost-effective rate. The King County Service Level Ordinance specifies recyclables to be picked up at least twice a month. Issaquah customers traditionally generate large amounts of recyclables, and county and Company officials are both concerned that if service reduced, so will the recycling rate. Eastside customers have always had every-other-week recycle service. Second, Issaquah’s recycling rate increased in August when the company adopted 30 percent revenue sharing in accordance with RCW 91.77.185.

Staff reviewed the combined operations of Eastside and Issaquah for the 12 months ended March 2004. On a separated regulated basis, the proposed rates generate \$912,878 (10.5%) which is consistent with the individual revenue requirement for each of their solid waste programs. See Attachment pages 1 and 2.

Conclusion:

It is therefore recommended that the Commission allow the proposed rates of Rabanco, Ltd., G-12, in Docket TG-041688 to become effective November 1, 2004, as filed.

Attachments